
To: Finance, Resources and Customer Services Policy Board

On: 21 November 2024

Report by: Director of Finance and Resources

Heading: Revenue and Capital Budget Monitoring – Council Overview as at 13 September 2024

1. Summary of Financial Position

- 1.1 At the close of reporting Period 6 on 13 September 2024, the projected revenue outturn position at 31 March 2025 for Council services is an overspend position of £0.119m (0.0%) against the revised budget for the year. Adult Services (HSCP) is projecting an overspend of £6.700m (6.3%), resulting in a combined projected overspend of £6.819m (1.3%).
- 1.2 The projected capital outturn at 31 March 2025 all services is a break-even position.
- 1.3 This is split between General Fund Services and the Housing Revenue Account (HRA) in the table below, with further analysis provided in the Appendices.

Table 1	Revised Annual Budget £000	Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
Revenue				
General Fund Services (Council)	420,040	418,159	(119)	(0.0%)
Adult Services (HSCP)	106,460	113,160	(6,700)	(6.3%)
Housing Revenue Account (HRA)	0	0	0	0.0%
Total	524,500	531,319	(6,819)	(1.3%)
Capital				
General Fund Services	106,710	106,710	0	0.0%
Housing Revenue Account (HRA)	30,769	30,769	0	0.0%

2. Recommendations

2.1 Members are requested to:

- a) Note the projected Revenue outturn overspend position of £6.819m;
- b) Note the projected Capital outturn break-even position; and
- c) Note the prudential indicators detailed in section 7 of the report.

3. Revenue Budget Projection – overspend of £6.819m by 31 March 2025

3.1 The projected overspend of £6.819m across all services includes £6.700m for Adult Services (HSCP), leaving a forecast overspend of £0.119m for Council services.

3.2 The tables in Appendix 1 present the projected year-end position for all services, by both subjective analysis (what the budget is spent on) and objective analysis (which division is spending the budget). Significant variances affecting the projected position are analysed further below.

3.3 The projected outturn is based on information currently available, and assumptions made by service budget holders. Any changes to these projections will be detailed in future reports to this board.

4. Significant Variances

4.1 Education & Children’s Services £0.659m overspend

This projected overspend includes £0.705m within Transport Costs, owing to advised SPT contracts for both mainstream school transport and ASN transport being higher than the available budget. Overspends in Transfer Costs have increased since Period 3 to £0.926m mainly due to a more up-to-date assessment of the projected costs for the year of Children & Families Direct Payments.

These overspends are partly offset by Employee Costs currently projecting a £1.267m underspend. This is a significant change from Period 3 due to the removal of costs related to the teachers’ pay award for 2024/25, as full details of related funding is not yet known.

4.2 Infrastructure, Land & Environment £1.210m overspend

The projected overspend predominantly sits within Waste Services, where trade waste income is significantly under-recovered owing to a reduction in demand.

There are further cost pressures related to increased software and work by contractor costs within Infrastructure and Assets, and Fleet Services are projecting an overspend which is mainly reflective of the inflationary impact on replacement parts for vehicles and specialist contractors.

4.3 Finance, Resources & Customer Services £1.651m underspend

The anticipated underspend is mainly driven by an expected £2.400m increase in investment interest income, owing to the level of interest rates prevailing. This is offset by a forecast overspend in Public Building Repairs (£0.440m) due to the continued inflationary and cost pressures that have been experienced by the service over the last few financial years. The position continues to be closely monitored, and mitigating actions will be taken by management where appropriate. There is also an expected £244k overspend within Soft FM, principally due to inflation on food and provisions.

4.4 Adult Services £6.700m overspend

The overspend is mainly due to external care at home packages for both Older People and those with Physical or Sensory Difficulties. This results from increased acuity of patients with more complex needs discharged from hospital, meaning more intensive Care at Home packages are required to support people to remain in their own homes. Note that these projections do not take into account the cost associated with the back pay in relation to care at home staff regrade, which is still to be fully agreed. This overspend is further impacted by inflationary increases as a result of the adult supported living framework renewal in November 2024.

5. Capital Budget Projection – Housing Services Programme

5.1 The HRA Capital Investment Programme 2024/25 to 2028/29 was approved by the Council on 29 February 2024. For 2024/25, the approved capital spend totalled £41.236m. The current revised programme totals £30.769m (a decrease of £10.467m) as a result of projects reprofiled from 2024/25 to 2025/26, primarily related to the timing of Regeneration projects.

5.2 Capital expenditure to 13 September 2024 amounted to £10.306m, representing 34% of available resources, compared to 32% for the same period in 2023/24.

5.3 16% of expected capital income has been received to date, compared to 36% for the equivalent period in 2023/24. This difference relates to grant received in 2023/24 for energy efficiency improvements.

5.4 The projected outturn position, after budget changes, is for the Housing Services Programme to break even (see Appendix 2). However, inflationary impacts of delays to work and related cost estimates are still ongoing and therefore this forecast will be kept under review.

6. Capital Monitoring: Non-Housing Services Programme

6.1 The General Services Capital Investment Programme 2024/25 to 2028/29 was approved by Council on 29 February 2024. For 2024/25, the current revised programme totals £106.710m (a decrease of £53.066m since Period 3) resulting mainly from the net effect of:

- projects reprofiled from 2024/25 into 2025/26 of £51.466m, mainly as a result of updated cashflow profiles for Paisley Grammar Campus, Thorn New Build, Dargavel Primary School 2, Park Main High School Extension, Paisley Museum and Lifecycle Capital Maintenance; and
- budget decreases in 2024/25 of £1.600m to reflect confirmed grant awards; in particular reduced grant for the Place Based Investment Fund.

6.2 Capital expenditure to 13 September 2024 totals £29.778m, representing 28% of the available resources, compared to 29% for the equivalent period in 2023/24.

6.3 Capital income totalling £9.807m has been received to 13 September 2024. This represents 31% of the total anticipated income, compared to 37% for the equivalent period in 2023/24.

6.4 The projected outturn position after these budget changes is to break even (see Appendix 2). However, the full impact of inflation on capital costs on each project is not yet determined, with increased costs through inflation and compliance expected to increase the risk of overspends across the capital programme.

7. Capital Overview: Prudential Indicators

7.1 The Council is required to set prudential indicators to ensure that its capital investment plans are affordable, proportionate, prudent and sustainable. The current prudential indicators were approved, alongside the housing and non-housing capital investment programmes, by Council on 29 February 2024.

7.2 The CIPFA Prudential Code 2021 recommends that from 2024/25 a regular update is provided to members noting the current forecasts for prudential indicators compared to those approved at the start of the financial year. These are outlined in 7.4 to 7.8 below.

7.3 The Council will be asked to approve updated Prudential Indicators in December 2024 as part of the mid-year progress report.

7.4 **Capital Expenditure:** The limit on capital expenditure that the Council has set for 2024/25 is shown in the table below. The limit is based on the resources available to fund the capital programmes, split between Housing and Non-Housing Services, but excludes the Public Sector Housing Grant, as this is not considered to be capital spend for the Council. The forecast expenditure is lower owing to the changes outlined at 6.1 above.

	Approved Plan £m	Forecast Expenditure £m
Non-Housing	148	107
Housing	41	31
Total	189	138

7.5 **Capital Finance Requirement (CFR):** The CFR originally planned by the Council for 2024/25 is shown in the table below and is split between Housing and Non-Housing Services. The projected outturn at 31 March 2025 is also shown. Any significant increase in the capital expenditure without planned funding at the point of spend will result in an increase to the CFR.

	Planned CFR to 31 March 2025 £m	Projected CFR to 31 March 2025 £m
Non-Housing	458	462
Housing	137	130
Total	595	592

7.6 **Operational Boundary:** This is the focus of day-to-day treasury management activity within the Council and is an estimate of the most likely, but not worst case, scenario in terms of cashflow. Risk analysis and risk management strategies are taken into account, as are plans for capital expenditure, estimates of the CFR and estimates of cashflow requirements for all purposes. It is possible that this boundary could be breached occasionally, and this should not be regarded as significant. However, a sustained or regular trend of such would be significant and require investigation and action.

	Planned Operational Boundary to 31 March 2025 £m	Projected Operational Boundary to 31 March 2025 £m
Borrowing	501	498
Other Long-Term Liabilities	94	94
Total	595	592

7.7 **Authorised Limit:** This is based on the same assumptions as the Operational Boundary, with additional headroom to ensure sufficient capacity to allow for both planned and exceptional cashflow requirements, without breaching the limit.

	Planned Authorised Limit to 31 March 2025 £m	Projected Authorised Limit to 31 March 2025 £m
Borrowing	526	523
Other Long-Term Liabilities	94	94
Total	620	617

7.8 **Ratio of Financing Costs to Net Revenue:** A key measure of affordability is the incremental impact of investment decisions on Council Tax or housing rents. Estimates of the ratio of financing costs to net revenue stream provide an indication of how much of the Council's revenue budget is committed to the repayment of debt.

	Approved Ratio of Financing Costs to Net Revenue 2024/25 %	Projected Ratio of Financing Costs to Net Revenue 2024/25 %
Non-Housing	3.47	3.22
Housing	28.59	28.43

Financing costs include the interest payable with respect to forecast borrowing levels, interest payable on finance leases, interest and investment income, loans fund and finance lease principal repayments and gains/losses on the repurchase or early settlement of borrowing. There is a decrease in the projected ratios due to the updated capital spend profile and interest rate outlook.

Revenue streams relate either to the amounts received in terms of government grant and local taxpayers for Non-Housing, or to the amounts received from tenants in respect of housing rents for Housing.

8. Private Sector Housing Grant Programme

- 8.1. The overall budget provision for this programme is included within the revenue budget. However, in order to monitor the performance of the individual programmes, it is included within capital budget monitoring procedures.
- 8.2. The Council approved expenditure up to £0.526m for 2024/25. There have been no changes in this period.
- 8.3. The programme is expected to fully spend by 31 March 2025 and will be contained within the overall resources.

Implications of the Report

1. Financial

The projected budget outturn position for General Fund Services Revenue budget is an overspend of £6.819m (1.3%) and break-even for the HRA Revenue budget. Income and expenditure will continue to be monitored closely for the rest of the financial year and, where necessary, steps will be taken to mitigate overspends.

The projected outturn position for General Fund Services and HRA Capital budgets is a break-even position. The Capital programme will continue to be monitored closely for the rest of the financial year.

Any changes to current projections in either Revenue or Capital budgets will be detailed in future reports to this board.

2. HR & Organisational Development

While staffing budgets form a significant proportion of the Council's revenue budgets, there are no direct implications arising from the recommendations in this report.

3. Community/Council Planning

Community Plan	
Our Renfrewshire is thriving	The Council's revenue and capital spend ensures that its facilities are fit for purpose and safe for the community, to maximise accessibility.
Our Renfrewshire is well	
Our Renfrewshire is fair	
Our Renfrewshire is safe	
Council Plan	

Reshaping our place, our economy and our future	The Council's revenue and capital spend ensures that its facilities are fit for purpose and safe for the community, to maximise accessibility.
Building strong, safe and resilient communities	
Tackling inequality, ensuring opportunities for all	
Creating a sustainable Renfrewshire for all to enjoy	Ongoing revenue and capital budget monitoring is a tool to enable good financial management so that the Council has resources now and in the future for continued service delivery.
Working together to improve outcomes	

4. Legal

There are no direct implications arising from the recommendations in this report.

5. Property/Assets

The capital expenditure noted in this report will result in lifecycle maintenance improvements to existing properties and replacement of ICT, infrastructure, and plant and equipment.

6. Information Technology

There are no direct implications arising from the recommendations in this report.

7. Equality & Human Rights

While new areas of spend may impact on particular groups, any such impact would be assessed prior to the spend being incurred, therefore there are no direct implications arising from the recommendations in this report.

8. Health & Safety

There are no direct implications arising from the recommendations in this report.

9. Procurement

While Procurement is an important consideration prior to the Council incurring any revenue or capital spend, there are no direct implications arising from the recommendations in this report.

10. Risk

The potential financial risk that the Council will overspend its approved revenue budgets for the year is managed at a Council-wide level by the Chief Executive and Directors.

11. Privacy Impact

There are no direct implications arising from the recommendations in this report.

12. Children's Rights

There are no direct implications arising from the recommendations in this report.

13. Climate Change

The Council aims to reduce its carbon and other emissions to net zero by 2030, however there are no direct implications arising from the recommendations in this report.

14. Cosla Policy Position - N/a

List of Background Papers

- Revenue Budget and Council Tax 2024/25, Council 29 February 2024
- The Capital Investment Programme 2024/25 to 2028/29, Council 29 February 2024

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RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2024/25
1 April 2024 to 13 September 2024

POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Policy Board - Objective Summary	Annual Budget at Period 3	Budget Adjustments	Revised Annual Budget at Period 6	Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Communities and Housing Services	13,599	1,030	14,629	14,629	0	0.0%	0	0
Education and Children's Services	255,802	1,194	256,996	257,655	(659)	(0.3%)	(2,287)	1,628
Infrastructure, Land and Environment	30,330	742	31,072	32,282	(1,210)	(3.9%)	(736)	(474)
Finance, Resources and Customer Services	94,528	(2,194)	92,334	90,683	1,651	1.8%	(375)	2,026
Adult Services	106,460	0	106,460	113,160	(6,700)	(6.3%)	(6,095)	(605)
Planning	584	0	584	589	(5)	(0.9%)	(39)	34
Economy and Regeneration	2,228	78	2,306	2,230	76	3.3%	66	10
Chief Executive's Service	19,632	487	20,119	20,091	28	0.1%	26	2
GENERAL SERVICES NET EXPENDITURE	523,162	1,337	524,500	531,319	(6,819)	(1.3%)	(9,440)	2,621
Housing Revenue Account (HRA)	0	0	0	0	0	0.0%	0	0
NET EXPENDITURE	523,162	1,337	524,500	531,319	(6,819)	(1.3%)	(9,440)	2,621

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2024/25
1 April 2024 to 13 September 2024

POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Subjective Summary	Annual Budget at Period 3	Budget Adjustments	Revised Annual Budget at Period 6	Total Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Employees	350,767	8,511	359,278	356,301	2,977	0.8%	573	2,404
Premises Related	50,869	1,485	52,354	53,655	(1,301)	(2.5%)	(2,482)	1,182
Transport Related	15,003	373	15,376	18,075	(2,699)	(17.6%)	(986)	(1,713)
Supplies and Services	98,081	(982)	97,099	98,845	(1,746)	(1.8%)	(2,344)	598
Third Party Payments	110,912	(18,282)	92,630	100,605	(7,975)	(8.6%)	(6,975)	(1,000)
Transfer Payments	76,180	23,808	99,988	101,039	(1,051)	(1.1%)	(1,627)	576
Support Services	3,219	3,029	6,248	6,253	(5)	(0.1)%	(7)	2
Depreciation and Impairment Losses	27,068	0	27,068	27,080	(12)	0.0%	(12)	0
GROSS EXPENDITURE	732,098	17,943	750,041	761,852	(11,811)	(1.6%)	(13,861)	2,050
Income	(208,936)	(16,606)	(225,541)	(230,533)	4,992	2.2%	4,421	571
NET EXPENDITURE	523,162	1,337	524,500	531,319	(6,819)	(1.3%)	(9,440)	2,621

RENFREWSHIRE COUNCIL
CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES
1st April to 13th September 2024
POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES

	Prior Years Expenditure to 31/03/2024*	Current Year 2024-25					Full Programme - All years				
		Budget at P3 2024-25	Budget Adjustments in 2024-25	Revised Budget 2024-25	Projected Outturn 2024-25	Budget Variance (Adverse) or Favourable		Total Approved Budget to 31-Mar-29 £000	Projected Outturn to 31-Mar-29 £000	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000			£000	£000		
EDUCATION & CHILDREN'S SERVICES											
Education & Children's Services	20,894	71,450	(39,827)	31,623	31,623	0	0%	189,600	189,600	0	0%
TOTAL	20,894	71,450	(39,827)	31,623	31,623	0	0%	189,600	189,600	0	0%
COMMUNITIES, HOUSING & PLANNING											
Housing (HRA)	53,408	41,236	(10,467)	30,769	30,769	0	0%	320,926	320,926	0	0%
Housing (PSHG)	0	526	0	526	526	0	0%	2,926	2,926	0	0%
TOTAL	53,408	41,762	(10,467)	31,295	31,295	0	0%	323,852	323,852	0	0%
INFRASTRUCTURE, LAND & ENVIRONMENT											
Environment & Infrastructure	5,496	18,722	(205)	18,517	18,517	0	0%	55,358	55,358	0	0%
TOTAL	5,496	18,722	(205)	18,517	18,517	0	0%	55,358	55,358	0	0%
ECONOMY & REGENERATION											
Economy and Development	82,073	22,862	(6,250)	16,612	16,612	0	0%	109,567	109,567	0	0%
TOTAL	82,073	22,862	(6,250)	16,612	16,612	0	0%	109,567	109,567	0	0%
FINANCE, RESOURCES & CUSTOMER SERVICES											
Corporate Projects	4,226	14,294	(5,035)	9,259	9,259	0	0%	33,219	33,219	0	0%
TOTAL	4,226	14,294	(5,035)	9,259	9,259	0	0%	33,219	33,219	0	0%
LEADERSHIP											
Leisure Services	24,924	2,982	0	2,982	2,982	0	0%	27,905	27,905	0	0%
Chief Executives	158,319	29,466	(1,749)	27,717	27,717	0	0%	360,395	360,395	0	0%
TOTAL	183,243	32,448	(1,749)	30,699	30,699	0	0%	388,300	388,300	0	0%
TOTAL ALL BOARDS	349,340	201,538	(63,533)	138,005	138,005	0	0.0%	1,099,896	1,099,896	0	0%
MADE UP OF:											
Non-Housing Programme	295,932	159,776	(53,066)	106,710	106,710	0	0%	776,044	776,044	0	0%
Housing Programme (HRA)	53,408	41,236	(10,467)	30,769	30,769	0	0%	320,926	320,926	0	0%
Housing Programme (PSHG)	0	526	0	526	526	0	0%	2,926	2,926	0	0%
PROGRAMME TOTAL	349,340	201,538	(63,533)	138,005	138,005	0	0.0%	1,099,896	1,099,896	0	0%

RENFREWSHIRE COUNCIL
2024/25 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 13th SEPTEMBER 2024

	2024/25			
	Housing Services	Non Housing Services	PSHG Programme	Total
A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME	£'000	£'000	£'000	£'000
1. Prudential Borrowing	22,372	70,580		92,952
2a General Capital Grant		13,701	526	14,227
2b. Specific Capital Grant	3,308	1,444		4,752
3. Usable Capital Receipts	820	16,429		17,249
4. Contribution From Current Revenue (CFCR)	4,269	4,556		8,825
5 Total Resource Availability	30,769	106,710	526	138,005
B. CAPITAL PROGRAMME				
6. Resources Available	30,769	106,710	526	138,005
7. Current Programme	30,769 100%	106,710 100%	526 100%	138,005 100%
C. ACTUAL EXPENDITURE VS PROJECTED				
8. Resource Availability	30,769	106,710	526	138,005
9. Cash Spent at 13 September 2024	10,306 33%	29,778 28%	369 70%	40,454 29%
10. Cash to be Spent by 31 March 2025	20,463	76,932	157	97,551
D. ACTUAL RECEIPTS VS PROJECTED				
11. Current Programme (total receipts expected)	4,128	31,574	526	36,228
12. Actual Cash Received at 13 September 2024	670 16%	9,807 31%	262 50%	10,739 30%
13. Receipts to be received by 31 March 2025	3,458	21,767	264	25,489